

Message Text

UNCLASSIFIED

PAGE 01 MANILA 14818 171138Z

44

ACTION EA-10

INFO OCT-01 ISO-00 EB-07 RSC-01 /019 W

----- 085555

R 170853Z DEC 74

FM AMEMBASSY MANILA

TO USDA/FAS/WASHDC

INFO SECSTATE WASHDC 9197

UNCLAS MANILA 14818

FOR WILLIAMS/IMD/COTTON/FMD

SUBJECT: DEP MILL DEPOSIT UNDER GSM-4

REF: FASTO 91

TOFAS 139.

1. FIRST PROCEDURE ESTABLISHED BY DBP ADMINISTERING CCC CREDIT REQUIRED MILL TO DEPOSIT 12 1/2 PERCENT OF THE CONTRACT VALUE OF THE COTTON REGISTERED FOR CCC CREDIT. IF A CONTRACT HAD BEEN PARTIALLY FILLED UTILIZING FRE DOLLARS, THE 12 1/2 PERCENT DEPOST WOULD HAVE BEEN APPLICABLE TO ANY REMAINING UNFILLED PORTION OF THE CONTRACT COVERED BY A CCC REGISTRATION. HOWEVER, THE DBP HAS RECENTLY AGREED TO RELAX THIS REQUIREMENT AND WILL NOW REQUIRE 12 1/2 PERCENT PRIOR DEPOSIT BILLED ON THE BASIS OF THE L/C TO BE OPENED AND COLLECTED UPON ISSUANCE OF DBP'S GUARANTEE.

THE 12 1/2 PERCENT DEPOSIT REPRESENTS AN ADVANCE PAYMENT OF ONE YEAR'S INTEREST AT THE 10 PERCENT CCC INTEREST RATE AND AN ADVANCE PAYMENT OF THE 2 1/2 PERCENT (FLAT RATE) DBP LOAN GUARANTEE FEE.

2. YOU SHOULD ALSO REMEMBER THAT BEFORE A MILL CAN GET COTTON THROUGH PHILIPPINE CUSTOMS THEY MUST PAY AN IMPORT DUTY OF 10 PERCENT ON 110 PERCENT OF THE FOB VALUE AND MAKE AN ADVANCE SALES TAX PAYMENT OF 7 PERCENT ON 125 PERCENT OF THE LANDED COST.

3. THE MILLS MUST ALSO ARRANGE A LETTER OF CREDIT FOR FREIGHT CHARGES AND WE UNDERSTAND THAT UNDER CURRENT FINANCIAL CONDITIONS BANKS REQUIRE HEAVY PAYMENTS ON FREIGHT L/CS, IF NOT FULL PAYMENT

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MANILA 14818 171138Z

UPON OPENING THE L/C.

4. WE UNDERSTAND THAT DBP IS ALLOWING SOME MILLS A PAYMENT MORATORIUM ON ITS DEBTS TO DBP IF THE MILLS CASH FLOW JUSTIFIED SUCH A GRACE PERIOD.

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, CREDIT, CONTRACTS, INTEREST RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANILA14818
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740366-0851
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741229/aaaaayuk.tel
Line Count: 65
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 74 FASTO 91
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 26 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 SEP 2002 by ReddocGW>; APPROVED <09 JAN 2003 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DEP MILL DEPOSIT UNDER GSM-4
TAGS: ETRD, RP
To: n/a
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005